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SERVICE SECTOR INDICATORS

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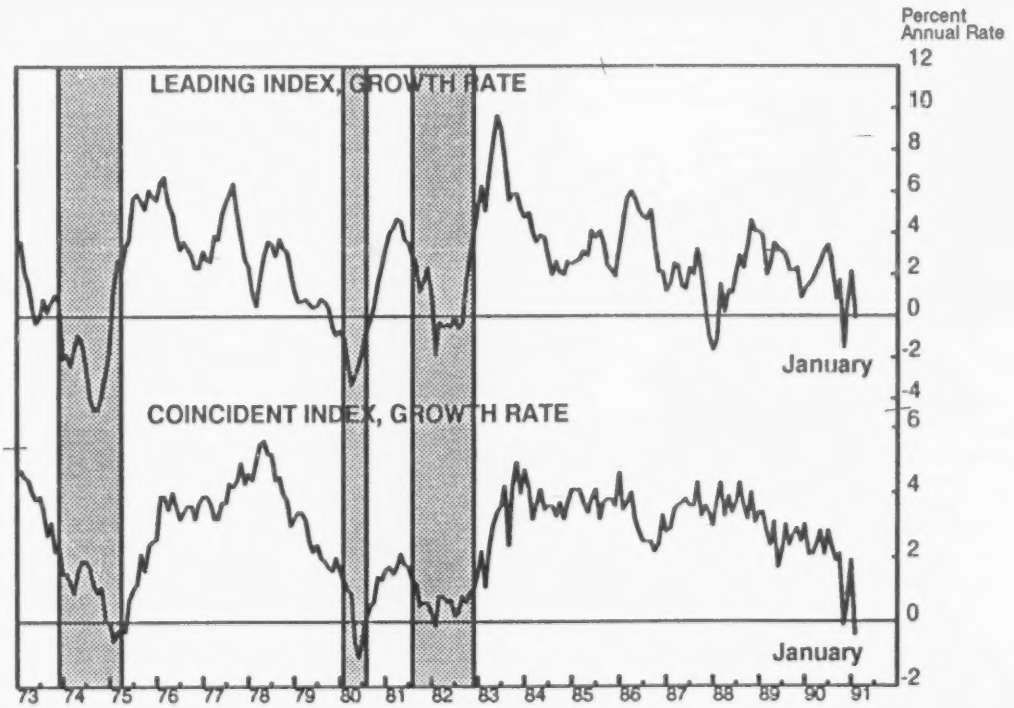
SERVICES INDEXES DROPPED SHARPLY

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research (CIBCR), declined from a revised 166.9 in December to 165.3 in January, pushing its smoothed annualized growth rate down from a revised 2.1% in December to -0.1 in January. The drop was caused by decreases in the average workweek and stock prices for the service sector, partly offset by a rise in construction contracts for commercial buildings.

The coincident index of service sector activity also dropped nearly two points from a revised 193.9 in December to 191.7 in January, while its smoothed annualized growth rate declined from a revised 1.9% in December to -0.4% in January. The drop was caused by decreases in all available components, namely, personal consumption expenditures, labor income, and employee hours in the service sector.

The drop came after the successive rises in both indexes in November and December.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Profit Margins, Services (cents per dollar)
	1.	2.	3.	4.	5.	6.
1989:						
Sept.	163.2	2.2	32.74	832	122.1	4.37
Oct.	163.6	2.3	32.81	849	122.6	4.29
Nov.	162.7	0.9	32.69	738r	120.1	4.22
Dec.	163.2	1.3	32.69	694r	120.6	4.29
1990:						
Jan.	163.6	1.5	32.61	818r	116.5	4.36
Feb.	164.1	1.8	32.74	738r	112.1	4.44
Mar.	164.8	2.2	32.76	710r	114.6	4.49
Apr.	165.5	2.6	32.81	719r	113.8	4.54
May	166.3r	3.2r	32.76	738r	117.3	4.59
June	166.8	3.4	32.83	669r	121.2	4.57
July	166.2	2.3	32.78	551r	118.5	4.54
Aug.	165.1	0.8	32.66	577r	106.0	4.51
Sept.	166.1	1.7	32.92	586r	100.1	n.a.
Oct.	163.5r	-1.5r	32.39	580r	98.0	n.a.
Nov.	165.4r	0.6	32.63r	551r	102.0	n.a.
Dec.	166.9r	2.1r	32.86r	448r	107.8	n.a.
1991:						
Jan.	165.3	-0.1	32.42	509	106.2	n.a.

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1989:						
Sept.	189.2	2.7	1928.9	1316.2	696.4	112.8
Oct.	189.9	2.9	1934.3	1319.3	698.6	113.6
Nov.	189.9	2.5	1939.7	1318.4	698.1	113.4
Dec.	190.8	3.0	1941.0	1333.7	700.8	113.9
1990:						
Jan.	190.3	2.1	1942.4	1318.8	696.6	114.6
Feb.	190.6	2.1	1943.7	1323.2	697.6	114.6
Mar.	191.3	2.4	1946.6	1330.5	701.5	114.9
Apr.	192.1	2.8	1949.6	1336.9	706.0	115.5
May	191.8	2.1	1952.5	1336.6	705.1	115.0
June	192.9	2.8	1957.4	1349.1	707.6	115.8
July	192.9	2.3	1962.4	1347.7	707.2	115.6
Aug.	192.8	1.9	1967.3	1351.5	705.3	115.2
Sept.	193.4	2.1	1969.2r	1353.2	706.9	116.3
Oct.	191.5r	-0.1r	1971.0r	1352.3r	690.1	114.4
Nov.	192.2r	0.5r	1972.9r	1350.9r	696.7r	115.2r
Dec.	193.9r	1.9r	n.a.	1367.1r	702.4r	115.9r
1991:						
Jan.	191.7	-0.4	n.a.	1361.0	690.7	114.4

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This quarterly series is (1) corporate profits with inventory valuation and without capital consumption adjustments for transportation and public utilities, wholesale and retail trade, finance, insurance and real estate, and services, divided by (2) gross national product for services, both in current dollars as compiled by the Department of Commerce. Quarterly data are interpolated by CIBCR.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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